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**EMPLOYMENT LAW
BULLETIN**

June 25, 2014

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California Minimum Wage Increase Impacts Certain Exempt Employees and Commissioned Inside Sales Employees

On July 1, 2014 California's minimum wage will increase from \$8.00 to \$9.00 per hour for all employees. The minimum wage will increase again on July 1, 2016 to \$10.00 per hour. Such increase not only impacts nonexempt hourly workers, but also certain exempt employees as well.

To be properly classified as an exempt employee, the employee must satisfy certain requirements regarding the nature of the work performed and a minimum salary test. Prior to the minimum wage increase on July 1, 2014, the required minimum annual salary for certain exempt employees was \$33,280. With the minimum wage increasing to \$9.00 per hour, the new minimum annual salary for such exempt employees will increase to \$37,440. On July 1, 2016 when the minimum wage increases to \$10.00 per hour, exempt employees will need to earn at least \$41,600 annually to meet the minimum salary requirement.

With respect to commissioned inside sales employees, California law allows such employees to be exempt from overtime pay if they earn more than 1.5 times the state minimum wage and more than half their income comes from commissions. Thus, to be exempt from overtime pay after July 1, 2014, an inside sales person must earn at least \$13.51 per hour. Starting on January 1, 2016, an exempt inside sales person must earn at least \$15.01 per hour.

Employers should review their wage payments not only to nonexempt hourly employees, but also to all exempt employees and commissioned inside sales employees to be sure that the employer is in full compliance with the new law.

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